

MICHIGAN ECONOMIC INDICATORS

A newsletter on key economic indicators prepared by the Senate Fiscal Agency.

ECONOMIC HIGHLIGHTS



- The advance estimate for **inflation-adjusted Gross Domestic Product (GDP)** in the first quarter of 2008 indicated an annualized growth rate of 0.6%, the same growth rate experienced during the fourth quarter of 2007. Continued weakness in residential investment combined with markedly weaker growth in consumer spending and higher imports offset positive contributions from higher business inventories. Consumption's contribution to growth in the first quarter was the weakest since the second quarter of 2001.
- The **U.S. unemployment rate** increased from 4.8% in February to 5.1% in March, reflecting an increase in the labor force of 410,000 persons and the loss of 24,000 jobs compared with February. March's employment decline, with employment down 176,000 jobs from the year-ago level, marked the third decrease in the last four months.
- **Housing starts** fell again in March, declining 11.9% from the February level and 36.5% from the level in March 2007. March starts were 58.7% below the January 2006 peak. No regions exhibited year-over-year gains in housing starts, and declines were the steepest in the Midwest.
- Seasonally-adjusted **light vehicle sales** declined 1.7% in March from the February level, and were 7.2% below the level one year ago. Only sales of imported automobiles showed increases compared with February or March 2007. Total light vehicle sales were at their lowest level since October 2005 and March marked the third consecutive month of declines.



- **Michigan wage and salary employment** fell by 22,000 jobs in March from the February level, and was down by 74,000 jobs from the year-ago level. No sectors showed monthly gains in employment during March, and only education/health services showed higher employment compared with March 2007 (up 2.2% or 13,000 jobs). Manufacturing continued to exhibit the largest decline (down 15,000 jobs compared with February, 46,000 below March 2007), followed by government (down 3,000 jobs compared with February, 13,000 below March 2007).
- Continuing the phenomenon exhibited for most of 2007, **average weekly earnings** were higher in most sectors, despite the weakness in employment. Compared with one year ago, March earnings were up 2.9% or more in most sectors, led by an 11.6% gain in the financial activities sector. Declines occurred in motor vehicle parts manufacturing, health care/social assistance, wholesale trade, nondurable manufacturing, and construction, primarily due to notable declines in average weekly hours worked.
- Reflecting the same pressures felt nationally in food and energy prices, the **Detroit Consumer Price Index (CPI)** increased at an annual rate of 6.7% between February and December. However, despite the increase, the February index was only 2.2% above the year-ago level.



MARCH 2008

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U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

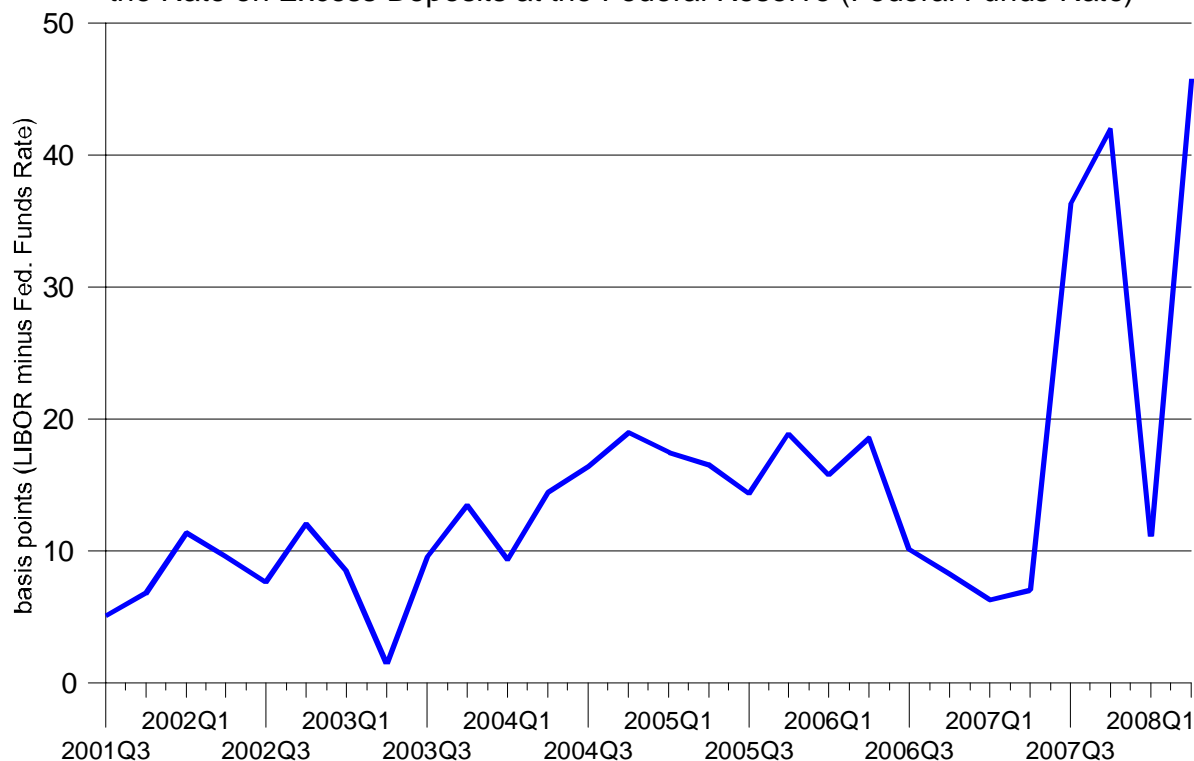
U.S.	Mar. 2008	Feb. 2008	Mar. 2007	<u>Change from Feb.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	153,784	153,374	152,884	410	0.3%	900	0.6%
Employment	145,969	145,993	146,145	(24)	(0.0)	(176)	(0.1)
Unemployment	7,815	7,381	6,739	434	5.9	1,076	16.0
Unemployment Rate	5.1%	4.8%	4.4%	---	---	---	---

Michigan	Mar. 2008	Feb. 2008	Mar. 2007	<u>Change from Feb.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	4,995	5,002	5,036	(7)	(0.1)%	(41)	(0.8)%
Employment	4,635	4,644	4,686	(8)	(0.2)	(51)	(1.1)
Unemployment	360	358	350	2	0.5	10	2.8
Unemployment Rate	7.2%	7.2%	7.0%	---	---	---	---

Source: Bureau of Labor Statistics, U.S. Department of Labor

Risk Premium for Inter-bank Lending Up Significantly

Difference between Average Rate on Unsecured Inter-bank Loans (LIBOR) and the Rate on Excess Deposits at the Federal Reserve (Federal Funds Rate)



Source: Federal Reserve Board of Governors and British Bankers Association

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Mar. 2008*	Feb. 2008	Mar. 2007	<u>Change from Feb.</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Nonagricultural Jobs	4,213	4,235	4,287	(22)	(0.5)%	(74)	(1.7)%
Goods Producing Industries	749	766	809	(16)	(2.2)	(59)	(7.3)
Natural Resources & Mining	7	7	8	(0)	(2.7)	(1)	(7.8)
Construction	159	161	171	(2)	(0.9)	(12)	(7.2)
Manufacturing	583	598	630	(15)	(2.5)	(46)	(7.3)
Transportation Equipment	179	192	211	(13)	(6.8)	(32)	(15.2)
Service Producing Industries	3,463	3,469	3,478	(5)	(0.2)	(15)	(0.4)
Trade, Transportation & Utilities	787	788	790	(1)	(0.1)	(2)	(0.3)
Information	65	66	66	(1)	(1.4)	(1)	(1.5)
Financial Activities	209	209	213	(1)	(0.2)	(4)	(1.9)
Professional & Business Services	574	575	578	(0)	(0.0)	(4)	(0.7)
Education & Health Services	604	604	591	(0)	(0.0)	13	2.2
Leisure & Hospitality Services	402	402	405	(0)	(0.1)	(3)	(0.8)
Other Services	176	176	176	(0)	(0.1)	(0)	(0.1)
Government	647	649	660	(3)	(0.4)	(13)	(2.0)
Source: Bureau of Labor Statistics, U.S. Department of Labor * Preliminary							

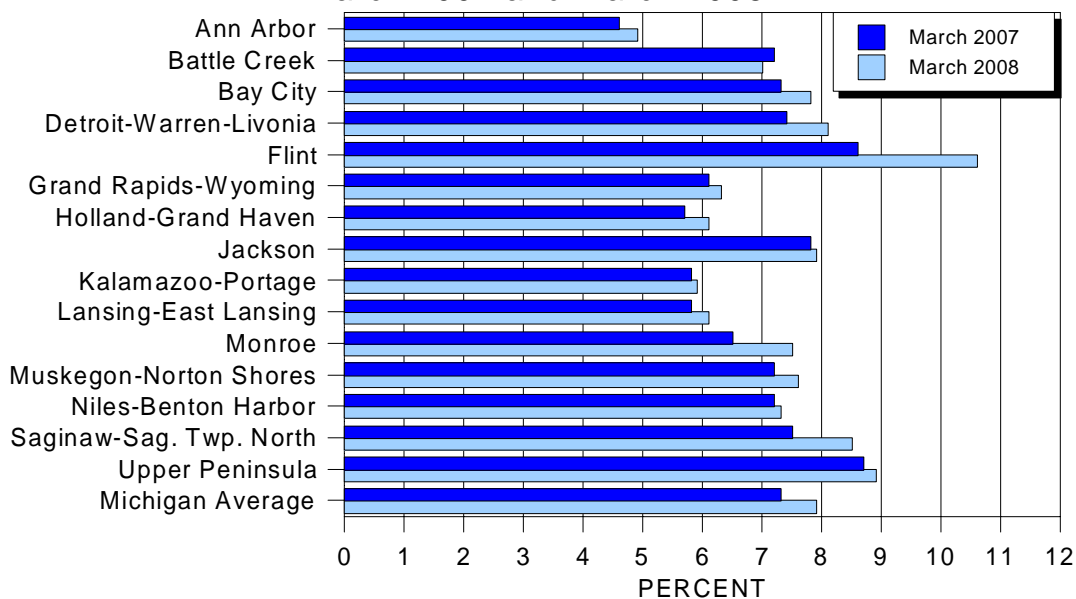
MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	Mar. 2008	Year Ago	Percent Change	Mar. 2008	Year Ago	Percent Change
Construction	35.1	35.9	(2.2)%	\$780.62	\$786.21	(0.7)%
Manufacturing	43.3	42.3	2.4	981.61	925.10	6.1
Durable Goods	45.6	43.8	4.1	1,111.27	1,029.30	8.0
Transportation Equipment Mfg.	45.1	43.1	4.6	1,285.35	1,223.61	5.0
Motor Vehicle Parts Mfg.	43.1	44.0	(2.0)	1,116.29	1,146.64	(2.6)
Nondurable Goods	36.1	37.4	(3.5)	573.63	582.32	(1.5)
Wholesale Trade	38.6	39.2	(1.5)	746.91	764.01	(2.2)
Retail Trade	30.5	30.3	0.7	380.34	369.66	2.9
Food & Beverage Stores	27.9	28.8	(3.1)	299.37	288.86	3.6
Information	33.6	33.9	(0.9)	738.86	708.17	4.3
Financial Activities	34.9	34.2	2.0	703.58	630.31	11.6
Professional & Business Services	33.9	34.8	(2.6)	691.22	681.38	1.4
Health Care & Social Assistance	35.1	36.5	(3.8)	612.85	626.34	(2.2)
Leisure & Hospitality	21.9	21.9	0.0	203.01	196.01	3.6
Accommodation & Food Services	21.9	22.0	(0.5)	197.10	191.18	3.1
Source: Bureau of Labor Statistics, U.S. Department of Labor						

**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	Mar. 2008*	Feb. 2008	Jan. 2007	Mar. 2007
Metropolitan Statistical Areas				
Ann Arbor	4.9%	4.9%	4.8%	4.6%
Battle Creek	7.0	7.4	7.2	7.2
Bay City	7.8	7.7	7.6	7.3
Detroit-Warren-Livonia	8.1	7.7	8.2	7.4
Flint	10.6	9.3	9.5	8.6
Grand Rapids-Wyoming	6.3	6.5	6.3	6.1
Holland-Grand Haven	6.1	6.5	6.1	5.7
Jackson	7.9	8.3	8.0	7.8
Kalamazoo-Portage	5.9	6.3	6.0	5.8
Lansing-East Lansing	6.1	6.3	6.1	5.8
Monroe	7.5	7.6	8.0	6.5
Muskegon-Norton Shores	7.6	7.9	7.5	7.2
Niles-Benton Harbor	7.3	7.8	7.6	7.2
Saginaw-Saginaw Twp North	8.5	8.1	8.2	7.5
Multi-County Areas				
Northeast Lower Michigan	12.3	13.0	12.4	12.0
Northwest Lower Michigan	9.3	9.8	9.2	9.2
Upper Peninsula	8.9	9.2	8.8	8.7
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	7.9	7.7	7.8	7.3
Source: Michigan Department of Labor and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

March 2007 and March 2008



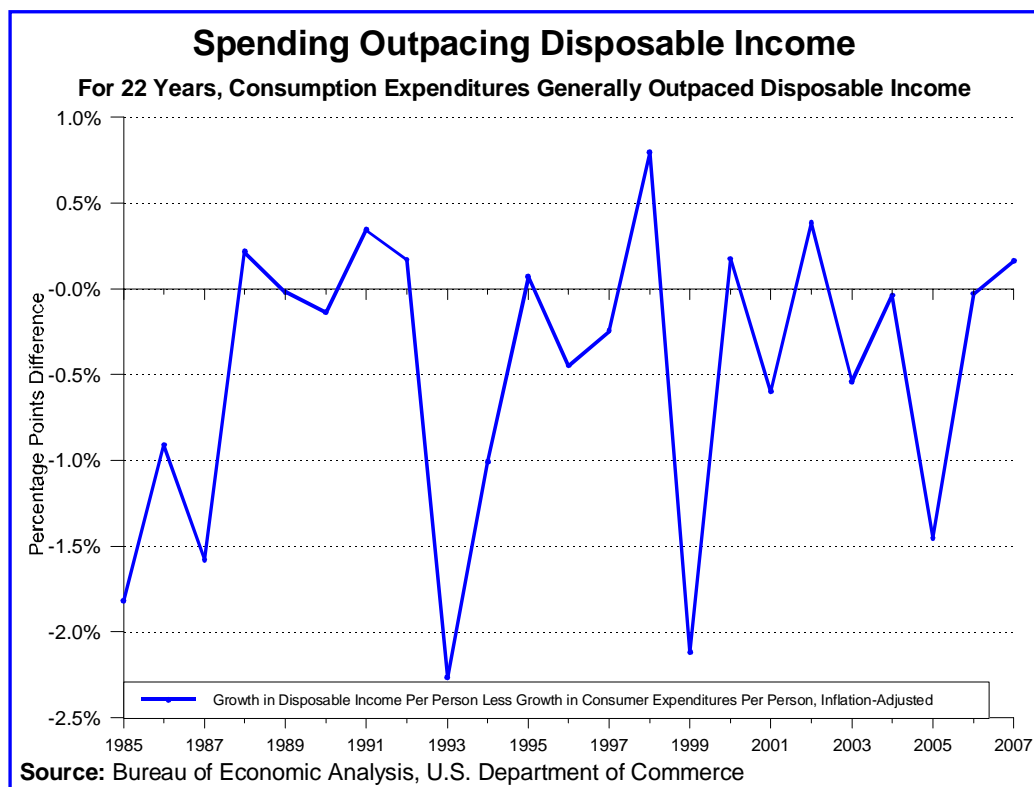
Source: Michigan Department of Labor and Economic Growth

**MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)**

	Mar. 2008	Feb. 2008	Jan. 2008	Dec. 2007	Year Ago Mar.	Percent Change From:	
						Mar./Feb.	Mar. 2008/ Mar. 2007
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	7,533	7,337	7,269	7,869	7,573	2.7%	(0.5)%
Domestics	4,942	5,020	5,069	5,536	5,099	(1.6)	(3.1)
Imports	2,591	2,317	2,200	2,333	2,474	11.8	4.7
Import Share	34.4%	31.6%	30.3%	29.6%	32.7%	---	---
Light Trucks	7,515	7,976	7,996	8,293	8,645	(5.8)	(13.1)
Domestics	6,208	6,658	6,682	6,887	7,212	(6.8)	(13.9)
Imports	1,307	1,318	1,314	1,406	1,433	(0.8)	(8.8)
Import Share	17.4%	16.5%	16.4%	17.0%	16.6%	---	---
Subtotal: Light Vehicle Sales	15,048	15,313	15,265	16,162	16,218	(1.7)	(7.2)
Heavy Trucks	319	318	337	347	428	0.3	(25.5)
Total Vehicle Sales	15,367	15,631	15,602	16,509	16,646	(1.7)	(7.7)
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	4,154	3,875	3,977	4,058	3,814	7.2	8.9
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	911	1,101	1,119	925	846	(17.3)	7.7
Trucks	819	1,247	1,072	1,009	1,231	(34.3)	(33.5)
Total	1,730	2,349	2,192	1,934	2,077	(26.3)	(16.7)
Michigan Production as % of U.S.	22.3%	22.5%	20.1%	22.2%	20.2%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,442	1,481	1,430	1,394	1,607	(2.6)	(10.3)
Days Supply	53	64	69	55	60	(17.2)	(11.7)
Total Truck	1,909	1,981	1,886	1,855	1,960	(3.7)	(2.6)
Days Supply	76	83	89	66	69	(8.4)	10.1

SAAR = Seasonally Adjusted at Annual Rates.

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 3) Automotive News, Crain Communications, Inc. (ending inventory).



OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
Weekly Leading Index , monthly ¹⁾ (1992=100)	March	129.5	130.7	139.2	(0.9)%	(7.0)%
Coincident Index ¹⁾ (1992=100)	March	154.1	154.3	152.9	(0.1)	0.8
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	March	947	1,075	1,491	(11.9)	(36.5)
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	March	\$341.5	\$341.0	\$335.4	0.2	1.8
Industrial Production Index ³⁾ (1997=100, seasonally adjusted)	March	112.1	111.8	110.4	0.3	1.6
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	March	80.5	80.3	80.7	0.2	(0.3)
Consumer Price Index ⁴⁾ (1982-84=100)						
U.S. (seasonally adjusted)	March	213.3	212.6	205.1	4.2	4.0
Detroit (not seasonally adjusted)	February	202.4	200.2	198.1	6.7	2.2
Interest Rates						
3-month Treasury Bill ³⁾	March	1.38%	2.21%	4.97%	---	---
Corporate Aaa Bonds ³⁾	March	5.51%	5.53%	5.30%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2008 1st Qtr.	\$11,693.1	\$11,675.7	\$11,412.6	0.6	2.5
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	March 2008	\$1,199.4	\$966.9	\$980.7	NM	22.3

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

*Note: Percent changes from previous period for CPI and GDP at annual rate.

Sources: 1) Economic Cycle Research Institute. 2) U.S. Department of Commerce, Bureau of the Census. 3) Board of Governors of the Federal Reserve System. 4) U.S. Department of Labor, Bureau of Labor Statistics. 5) U.S. Department of Commerce, Bureau of Economic Analysis. 6) Michigan Department of Treasury and the Senate Fiscal Agency.

